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C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 000809

SENSITIVE
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EUR/ERA EMCCONAHA, EUR/CE FOR ATRATENSEK

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TAGS: [EUN](#) [EZ](#) [EG](#) [PGOV](#) [PREL](#) [ENRG](#) [EPET](#) [UP](#)
SUBJECT: CZECH COMMENTS ON GAS DISPUTES BETWEEN RUSSIA AND
UKRAINE

REF: A. STATE 134475
[1](#)B. BRYZA-LUCAS E-MAIL DATED 12.23
[1](#)C. HENGEL-BRYZA E-MAIL DATED 12.20

Classified By: Acting POLEC Counselor Amy Carnie for reasons 1.4 (b) and (d).

[1](#)1. (SBU) Summary: Emboffs spoke with Czech Ambassador at large for Energy Security Vaclav Bartuska as well as additional MFA officials regarding potential gas supply disruptions between Russia and Ukraine. While the Czechs have considered and discussed a number of possible scenarios with their EU counterparts and are monitoring the situation closely, they view Ukrainians and Russians accusations with strong skepticism given these countries lack of effort to increase transparency in the energy sector and think the primary responsibility for resolution remains squarely in their two hands. The End Summary.

Skeptical that Ukrainians or Russians Want Transparency

[1](#)2. (C) Ambassador Bartuska noted that he has been speaking with a range of Ukrainian, Russian, EU and USG officials regarding a potential disruption of gas supplies from Russia to Ukraine. He stated that both the Russians and Ukrainians have been disputing everything - from quantity (and quality) of the gas supplied to whether or not payment has been made. At this point, Bartuska questions the potential efficacy of trilateral talks as well as the benefits of an "arbiter," given Ukrainian and Russian accusations as well as the lack of action by either government to enhance transparency within the energy sector. According to Czech MFA North Europe and East Europe Department official Radek Matulak, the Czech charge in Moscow spoke with GAZPROM Deputy Chairman Alexander Medvedev and in Ukraine the Czechs spoke with Naftogaz Chairman Oleg Dubin. Apparently Medvedev indicated that Russia had put forward a proposal to Ukraine with a gas price reduction. It is unclear whether this has gone anywhere.

[1](#)3. (C) One concrete step that Bartuska would like to see is the establishment of a measuring/metering station on the Ukraine-Russian border. Such a step, in his opinion, would allow for more straightforward verification of both the quantity and quality of gas flowing between the two countries. Bartuska bluntly acknowledged that he does not trust what he is hearing from officials in Ukraine or Russia and that it has been very difficult to differentiate between whether these officials are speaking on behalf of their governments, or based on their own personal economic interests.

Preference for resolution on a commercial basis

[1](#)4. (C) Bartuska indicated that while EU member states are all

monitoring the situation closely, the Czechs would like to see this gas dispute resolved on a commercial basis. In a separate conversation, MFA official Matulak told Emboff that the Czechs internally discussed several possible scenarios two weeks ago, in anticipation of a potential gas disruption to Ukraine. Bartuska also has been consulting with EU Energy Commissioner Piebalgs, who apparently thinks slightly differently than Bartuska, in that Piebalgs appears to support the idea of greater and more direct EU engagement. Bartuska, however, is not nearly as convinced and cites the fact that Piebalgs was told earlier this week by both Ukrainian PM Tymoshenko and President Yushchenko that payments would be made December 30, but to Bartuska's knowledge, this has not occurred.

Czechs Relatively Well-Positioned with Gas Reserves

15. (C) According to Bartuska, the Czechs, and much of the rest of the EU appears relatively well positioned in terms of gas reserves, in the event that gas from Russia is turned off via the Ukrainian pipeline. He commented that currently the Czech Republic's gas storage facilities are full and that given gas consumption trends over the last two years and the current consumption rate (between 35-40M metric tons a day), Bartuska estimates that the Czech supply should last roughly 70-80 days. Based on talks with EU counterparts, it is his understanding that many have larger than typical gas reserves at the moment and/or receive gas from multiple sources. The one EU country he is potentially worried about is Hungary, although he did not explain further. As an additional note, Bartuska commented that there will be several conferences and

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Ministerials related to interrelated aspects of energy security this spring, most particularly, a "Ukrainian Gas Infrastructure Donors Conference" scheduled for March 23.

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